

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL TWELVE)

Docket No. RM2015-5

**REPLY COMMENTS OF THE UNITED STATES POSTAL SERVICE
REGARDING PROPOSAL TWELVE**
(December 9, 2014)

Order No. 2246 (November 12, 2014) set December 5, 2014 as the date for initial comments in this docket, and December 15 as the date for reply comments. Initial Comments were filed on December 5 by the Public Representative. The Postal Service hereby provides its reply comments. The Postal Service files these reply comments before the reply comment deadline in order to expedite the resolution of Proposal Twelve to the maximum extent possible.

The Public Representative (PR) does not oppose the proposal, but is concerned about the lack of a more explicit statement of the current methodology, and about the lack of details regarding the process by which the input data used in the calculations are obtained.

The Public Representative's concern that a comparative analysis cannot be performed between the established treatment of contractor costs within Cost Segment 16 and the proposed treatment of new costs within Cost Segment 3 is easily remedied. To some extent, though, this is nothing more than a manifestation of the fact that a significant operational change created the need for a new methodology to analyze employee costs where there were only contract costs before. In such circumstances,

the contours of the status quo are not entirely clear. But under the current methodology, all costs associated with the contract to provide call center services are considered to be institutional. (Previously, these contract costs were considered to be institutional largely because data were not available that would permit creating the distinctions that are being used as the basis for the current proposal.) Therefore, the baseline for comparison of the unit attributable cost impacts by product shown on pages 6-7 of the Proposal would be no attributable costs by product. In terms of comparing current versus proposed methodologies, in other words, the two scenarios are the current scenario with all costs treated as institutional, versus the proposed scenario with \$48 million of the \$85 million (before piggybacks) treated as attributable, and \$37 million treated as institutional.

The Public Representative also commented on the lack of information about the source of the agent activity and call type times upon which this proposal is based. The data presented on tab "Distribution of Day" is provided by the Postal Service's Consumer and Industry Affairs Department, FRANKLIN computing system. FRANKLIN is the system which routes incoming calls from customers to the appropriate call center agents. The system also automatically records the amount of time spent on the different activities listed. Several of these activities are "set" by the agent as reasons for a call to not be routed to that agent. Breaks and training are the main reasons for the agent to be away from the phone and not available to receive a call, thus necessitating that the call be routed to another agent. Other activities are "set" by the system, e.g. "Call Inbound", "Call Ringing". Additionally, FRANKLIN routes calls to different levels of

agents depending on the call type. Call types are selected by the customer through responses to questions posed by the Interactive Voice Response system (IVR).

One of the call types selected by the customer may be “General Inquiry.” The Comments single out the treatment of “General Inquiry” calls as being particularly opaque. PR Comments at 2. Because “General Inquiry” calls encompass such a wide range of possible subjects, “General Inquiry” may concern an array of products and services, including those products and services which would fall within another call type. Therefore, “General Inquiry” becomes attributable to the same extent as the other call types. “General Inquiry” accounts for 33.2 percent of Inbound call time, while of the remaining call time, 62.2 percent is attributed. Therefore, 62.2 percent of 33.2 percent (or 20.7 percent) of Inbound Call time is that portion of Inbound Call time which has been routed as General Inquiry and treated as attributable. Conversely, 37.8 percent (equals 100 percent minus 62.2 percent) of 33.2 percent (or 12.4 percent) is that portion of Inbound Call time which has been routed as General Inquiry and treated as institutional. See spreadsheet Prop.12.Call.Cntr.Public.xls for calculations. The attributable portion of General Inquiry cost is then spread to the products using the same distribution proportions reflected in the spread of the aggregate of other attributable call types.

The Public Representative is further confused with respect to the Postal Service’s proposed method for distributing the cost of inquiries related to mail products and special services. The detail regarding the data used as distribution keys for these purposes is provided in the Excel spreadsheet submitted with Proposal Twelve. The Postal Service understands that the plethora of call types and the various products to

which call types might apply can lead to confusion regarding this proposal, but submits that the necessary detail required to understand the methods used to assign the various call types to Institutional Costs or to products and services was all included in the Excel files accompanying the original submission. This material is more than sufficient to establish that the Postal Service utilized a reasonable approach to the costing of the customer care center activity.

Since Proposal Twelve both responds to an operational change that must be addressed, and also brings to bear large amounts of relevant information that plays no role in the current assignment of the C/S 16 contractor costs, it constitutes a clearly superior alternative methodology to apply to the new call center costs accrued within C/S 3. The Public Representative has not presented any basis to oppose its adoption, and the Postal Service respectfully requests that the Commission approve Proposal Twelve.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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